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On Some Theoretical Problems Of Socialist Economy

Answers to Questions Raised by Scientific and Educational Workers
March 1, 1969

KIM IL SUNG

In April 1968 I received questions from scholars, through the science and education department of the Party Central Committee, concerning some problems of socialist economic theory. But, as the situation in the country was tense and we had the celebrations of the 20th anniversary of the foundation of the Republic last year, I had little time to spare for a prompt answer to the questions. I was told that even of late some leading economic functionaries and scholars have no clear idea of these problems and are arguing about them. Therefore, I am now going to give my opinion about them.

1. Problems of Correlation between Scale of Economy and Rate of Development of Production in Socialist Society

Of late, a theory is in vogue among certain economists that though the economy grows without interruption in socialist society, its rate of growth cannot exceed four-five or six-seven per cent a year when the economy reaches a certain stage of development. I was told there are people also among the leading workers of our state economic bodies, who argue that should our industrial output increase even only by six-seven per cent a year, that would be high enough, inasmuch as in capitalist countries production goes up barely by two-three per cent a year.

They found such an argument on the assumption that the reserves for production growth diminish in the period of reconstruction as compared with the period of rehabilitation and that, accordingly, the more the economy develops and its scale grows, the less becomes the possibility of increasing production. In other words, they contend that the further industry advances, the more reduce the reserves and the slower becomes the rate of production growth. In our country, too, they say, there were plenty of reserves in the postwar rehabilitation period, but today when the basis of socialist industrialization has been laid and we are in the period of an all-out technical reconstruction of the national economy, production cannot be multiplied at an ever higher rate, for there exist no much reserves.

People who think in this way are those who are either not aware of the true advantages of the socialist economic system or not willing to see them.

Socialist society has unlimited potentialities to incessantly develop the economy at such a high rate as is inconceivable in capitalist society, and the further socialist construction advances and the stronger the economic basis grows, the greater become these potentialities.

In capitalist society production cannot steadily grow, the process of reproduction being periodically interrupted and much social labour wasted owing to the overproduction crises. In socialist society, however, all the labour resources and natural wealth of the country can be most reasonably made use of, and production can be incessantly raised according to plan. This possibility of production growth will ever increase according as the equilibrium among the branches of the national economy is rationally preserved and the country's economy is kept in better shape with the strengthening of the economy-organizing functions of the state of the proletarian dictatorship and the rise of the level of economic management of the functionaries. Since the socialist state controls coordinately and realizes production and distribution, accumulation and consumption according to plan, it can allocate a large amount of funds to accumulation and carry on socialist extended reproduction steadily on a big scale by using the funds most reasonably.

And the production relations of socialism open a wide scope for an unrestricted development of the productive forces, and the socialist state, by making use of this possibility, can rapidly develop technology according to plan. It is a law-governed process of building socialism and communism that the outmoded technique is replaced by a new technique and the new one by a yet newer one, that manual labour is mechanized, mechanization develops to semi-automation, and semi-automation on to automation. It is a palpable truth that in socialist society with the rapid development of technology, labour productivity increases constantly and production develops at a high rate.

In socialist society, high revolutionary zeal of the people is the decisive factor which energetically eggs the productive forces on to pullulate. The essential excellence of the socialist system lies in the fact that the working people, freed from exploitation and oppression, work with conscious enthusiasm and creative initiative for the country and the people, for society and the collective, as well as their own welfare. In capitalist society the working people are not interested in the development of production and technology at all, for they work of necessity under the menace of unemployment and hunger. But in socialist society the working people zealously work for the development of production, because they are deeply aware that the fruits of their labour belong to themselves, to their people and their country. The more the Party and state of the proletariat, in conformity to their proper functions, strengthen the ideological revolution among the working people and gradually eliminate the survivals of old ideologies from their minds, the more the working people will devote their talents and stamina to the development of socialist production. In this way, continuous improvements and innovations will be brought about in all fields of economic management, organization of production and labour, and development of technology.

All this testifies to the sheer fallacy of the theory that in socialist society the reserves for increased production diminish gradually and production cannot be kept rising at a high rate as the economy develops and its scale expands.

Practical experiences in building socialism in our country also irrefutably prove that such a theory is wrong.

To begin with, let me tell you what happened when we were tackling the Five-Year Plan. The economic life of our country at that time was very hard in general, although our Party members and working people had rehabilitated the ravaged economy in the main and made the living of the people stable by successfully carrying out the Three-Year National Economic Plan. Moreover, the enemies at home and abroad were running amuck to encroach upon the gains of our revolution and ruin the constructive work of our people. Under such circumstances we were confronted with the urgent task of quickly laying the foundation of industrialization to advance the economy of the country and improve the people's livelihood, and this required large quantities of rolled steel.

But at that time our country had only one blooming mill and its rated capacity was no more than 60,000 tons. Sixty thousand tons of rolled steel were, however, far from enough, for we had to build towns and country, erect factories, and turn out more machines.

In all the previous arduous revolutionary struggles our Party had trusted the working class and, leaning upon their strength, broke through bottlenecks and difficulties. And this time, too, our Party decided to go to the working class, consult them and pull through the existing difficulties.

Entrusted by the Political Committee of the Party Central Committee, we went to the Kangsun Steel Works. When we asked the leading personnel of that steel works if they could not increase the output of rolled steel to 90,000 tons, some of them, shaking their heads, said that it would be difficult. So, we called the workers together and told them: We have barely managed to rehabilitate the ravaged economy, and now the factionalists have reared their heads against the Party and the great-power chauvinists put pressure on us, and the U.S. imperialists and the Syngman Rhee puppet clique are getting frantic with "march North" clamours. But can all that be any excuse for us to get disheartened and yield to the grave difficulties lying in the way of the cause of revolution and construction? No, that won't do. We only trust you working class, the main force of our revolution, and we have no one but you to rely on. Then, to tide over these grave difficulties facing our Party, you must be in high spirits and work hard to produce plenty and construct well and thus drive the economic construction more vigorously, isn't that so?

We conducted our political work in this way, and the workers of Kangsun came out with a resolution to produce 90,000 tons of rolled steel. Roused to activity, they strove hard improving the existing machines and equipment and undoing entangled knots, with the result that 120,000 tons of rolled steel was turned out instead of 90,000 that year. This steel works could raise the capacity of the bloomery to the present level of 450,000 tons, that is, nearly eight times the rated capacity.

Not only in the Kangsun Steel Works but in all fields of the national economy and all factories and enterprises, the old rated capacities were scrapped and great innovations were made, miracles wrought day after day to startle the world, and the economy of our country developed at a very high rate. Thus, the Five-Year Plan envisaging a 2.6-fold increase in total industrial output value was carried out in two years and a half, and the production plan for major manufactured goods was also fulfilled or overfulfilled on all indices of products in four years.

During the last seven or eight years since the fulfilment of the Five-Year Plan, the tasks of the overall technical revolution have been vigorously carried forward in our country with the result that many new fields of industry have been created, the technical equipment of industry has been radically improved, and the scale of production expanded several times. If the opinion of some people that with the expansion of the scale of production the rate of its growth decreases, were right, it would have been impossible for our country to keep up the high tempo of production growth any longer in the period that followed the fulfilment of the Five-Year Plan. But in the Seven-Year Plan period, too, the economy has developed continually at a high speed, though our country appropriated a large part of accumulation additionally for defence buildup in view of the more intensified aggressive manoeuvres of the U.S. imperialists. Above all, the national economic plan for 1967, as the plan for the first year in implementing the decision of the Party Conference on building the economy and defence in parallel, was a tight plan envisaging a 12.8 per cent increase in total industrial output value over the previous year. But in 1967 we actually overfulfilled the plan far and raised industrial output as much as 17 per cent in a year. Had it not been for the rare flood damage that year, industrial output would have risen more than 20 per cent. This is to be ascribed to the fact that our Party intensified the ideological revolution among the working people, thereby arousing their conscious enthusiasm and waging a resolute struggle against passivism, conservatism and all other sorts of old ideas that hampered our forward movement.

Take the Sungheung Mine for example.

In 1967 when the managing workers of the Sungheung Mine came up with a plan with a very low target, the Cabinet persuaded them to raise it a little higher. Yet, even this was

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too low to meet the demand of the Party. So the Party Central Committee, with a view to conducting political work among the workers of the Sungheung Mine, summoned the cadres of the mine, platoon leaders and above, and held a meeting. There, we told them: To carry out successfully the line of building up economy and defence in parallel set forth by the Party Conference, the Sungheung Mine will have to extract more nonferrous metal. Thereupon, they pledged themselves to mine more nonferrous metal than the target set by the Cabinet. In the end, they produced nearly twice as much as they had promised at first.

Let us take another example.

Functionaries in the field of the engineering industry said that they had no reserve, so we went to the Ryongsung Machine Plant in 1967 and kindled the flames of innovation. The workers there all rose and fulfilled the keyed-up plan of the year, including the plan for extra production, by Oct. 10, two months and 20 days ahead of schedule.

Great reserves were also found in the course of the struggle to carry out last year's national economic plan.

Under the circumstances of frantic war clamours by the U.S. imperialists following the "Pueblo" incident, the Party Central Committee addressed an appeal last year to the factories and enterprises in all fields of the national economy to fulfil ahead of schedule all their assignments of production and construction and produce more with the spared labour power, materials and equipment.

This revolutionary call of the Party found a response in all factories and enterprises, and many of them, out of a burning desire to drive out the U.S. imperialists from our soil and unify the country at the earliest possible date, asked for more assignments and excellently carried out their resolve.

All this shows that we can develop the economy as fast as we want, no matter how big its scale is, if we, by conducting political work well in accordance with the line set forth by our Party, enhance the political consciousness of the masses, arouse their revolutionary zeal and constantly improve techniques.

The theory that should industry reach a certain stage of development, the reserves would diminish and a high rate of growth could not be ensured in industrial production, has nothing to do with the Marxist-Leninist theory of economy. The "theory" that a large-scale economy could not develop rapidly is but a sophistry brought forward by some people to justify the fact that their technical progress is slow and their economy stagnant because they, talking about "liberalization" and "democratic development," did not educate their working people and, as a result, the latter are ideologically so slackened as to fiddle about and loaf on the job.

Referring to the immediate tasks of Soviet Power after the victory of the October Socialist Revolution, Lenin put forward the famous proposition: Communism is Soviet Power plus the electrification of the whole country. This proposition of Lenin's, though simple, has a profound meaning. I think it is of great importance for building socialism and communism that we have a correct understanding of this proposition and translate it into practice. What is meant by the Soviet Power mentioned by Lenin? It means no less than the dictatorship of the proletariat. It, therefore, means that the state of the working class should continue the class struggles and carry out the ideological and cultural revolutions to remould the consciousness of the people and enhance their technical and cultural level, and accomplish the task of working-classizing and revolutionizing the whole society. By electrification it is meant that technology should be developed to such a high level as to be able to make all the production processes automatic, and the material-production basis of society be greatly consolidated. To sum up, this proposition of Lenin's teaches that communism will be realized only when the dictatorship of the proletariat is strengthened to accomplish the ideological and cultural revolutions and to revolutionize and working-classize the whole society and, at the same time, when the technical revolution is accomplished to lay a solid material and technical basis for a very high level of productive forces.

If we neglect any one of the two, the dictatorship of the proletariat and the technical revolution alluded to by Lenin, we can neither steadily develop the socialist economy at a high tempo nor build a communist society. We should therefore strengthen the dictatorship of the proletariat and drive the technical revolution dynamically in order to build a communist society. As Lenin passed away before he himself could build communism we must give a correct interpretation to his proposition and carry it into effect. Some people, however, refuse to correctly understand and put into effect this proposition of Lenin's. We must categorically oppose Right opportunism in the field of economic theory in order to accelerate socialist construction at a higher rate. If we do not take issue with the Right deviation in the economic field, weaken the proletarian dictatorship, do not conduct political work, but foster individual selfishness among the people, and try to make the people move merely with money, we cannot call forth their collective heroism and heuristic initiative and, accordingly, we cannot successfully carry out the tasks either of technical revolution or of economic construction. If we fail after the Right opportunist theory and fail to develop the economy rapidly, we may find it difficult even to provide everybody with a job and feed him. Then, how can we who have taken over very backward productive forces from the old society, catch up with the advanced countries and build a communist society where each works according to his ability and each receives according to his needs? We must reject the Right opportunist theory, definitely defend and carry through to the end the revolutionary ideas of our Party, the theory of economic construction of our Party, and thus keep on the grand march of Chullima in building socialism.

2. Problems of Means of Production in Form of Commodity And Use of Law of Value in Socialist Society

I have heard that some economists are arguing about the questions of whether or not the means of production is a commodity in socialist society and whether or not the law of value operates in the domain of its production and circulation.

I think these questions should not be handled in the same breath. In socialist society the means of production can sometimes be a commodity and sometimes not, as the case may be. So, the law of value will operate when it is a commodity, and will not when it is not because the law of value is a law of commodity production.

Then, when is the means of production a commodity and when not? To find the right solution to this question, I deem it necessary, first of all, to have a clear idea of the properties of commodity and the origin of commodity production.

Commodity is a thing produced not for one's own consumption but for sale. In other words, not all products are commodities, but things produced for the purpose of exchange are commodities. As is clear from this, for a product to be a commodity, firstly, there must be the social division of labour through which different kinds of goods are produced; secondly, there must be the seller and the buyer—the man who gives up the right to possess a thing by selling it and the man who buys and acquires the right to possess it. That is to say, commodity production presupposes the social division of labour and the differentiation of ownership of produce. Therefore, where there is no social division of labour and ownership is not differentiated but remains in a single form, there can be no commodity production.

The reason why the commodity-money relations exist in socialist society should also be explained by the fact that there exist the social division of labour and different forms of ownership of produce. As everybody knows, in socialist society the division of labour not only exists but develops every day. As for the ownership, too, there exist the state and co-operative ownerships of the means of production and the private ownership of consumer goods as well, though in the course of the socialist revolution private ownership is abolished and different forms of economy that existed in the early part of the transition period are gradually fused into a single, socialist form of economy. Besides, the socialist states must carry on foreign trade under the circumstances that communism has not yet triumphed on a world-wide scale and there exist frontiers.

All these things are conditions that give rise to commodity production in socialist society. It goes without saying that in socialist society commodity production is a production of goods without the capitalist and, therefore, the law of value operates not blindly as in capitalist society but within a limited scope, and the state uses it in a planned way as an economic lever for effective management of the economy. Later, when the transition period is over and co-operative property is turned into property of the entire people so that a unitary form of ownership is established, the produce of society, if foreign trade is not taken into consideration, will be called not by the name of commodity but simply called means of production and consumer goods or by some other names. Then, the law of value will also cease to operate. Needless to say, even then the social division of labour will continue to develop, but there will be no more commodity production.

Scholars, leading economic functionaries and many other people now commit Right or "Left" errors in both the theoretical domain and the economic management, because they have not fully understood whether the means of production is a commodity or not in socialist society. As a result, some fall into the Right tendency to manage the economy in a capitalist way, overrating the importance of commodity production and the law of value in the wake of the revisionist theory while others commit the "ultra-Left" error of failing to streamline the enterprise management and causing a large wastage of means of production and labour power by totally ignoring commodity production and the role of the law of value in disregard of the transitional character of our society. A correct understanding of and dealing with this question is of weighty importance in socialist economic construction. After all, the question of utilizing the commodity-money relations is an important one which the state of the working class must properly settle in the period of transition from capitalism to socialism. Right or "Left" error in this question can bring forth a serious harm.

The data as to in what case the means of production is a commodity and in what case not in socialist society should also be found in the differentiation of ownership. In socialist society the means of production, even when shifted to other places, is not a commodity as long as it does not change hands, and it is a commodity when it changes hands. From this derives an obvious conclusion as follows:

Firstly, when a means of production turned out in the state sector of ownership is transferred to co-operative ownership or vice versa, it is a commodity in either case and, therefore, the law of value operates here; secondly, a means of production which is exchanged within the bounds of co-operative ownership, between co-operative farms, between producers co-operatives or between the former and the latter, is equally a commodity and here, too, the law of value operates; thirdly, in the case of export the means of production is a commodity and it is dealt at the world market price or at the socialist market price. For instance, when countries like Indonesia and Cambodia ask our country for machine tools, the machine tools sold to these countries are commodities for which we should receive due prices. And when a confederation of the North and the South, though not yet realized at the moment, is established in our country in accordance with our Party's proposal for national unification, and businessmen in South Korea ask us for machines and equipment, we will have to sell them. In that case the machines and equipment we shall sell them will be commodities, and here the law of value will be bound to come into consideration.

What, then, are the equipment, raw and other materials that are transferred between the state enterprises? They are not commodities. Because the means of production such as these are turned out on the basis of socialist co-operation in production, and even when they are turned over from one enterprise to another, they remain under the ownership of the socialist state, and such means of production are supplied not through free trade but in a planned way by the state according to the plan of equipment and material supply. When the state finds it necessary, it provides the enterprises with the means of production, even if the enterprises do not ask for them, just as it provides the army with weapons. The machines, equipment, raw and other materials transferred between the state enterprises, therefore, cannot be called commodities realized through the operation of the law of value.

Then, what shall we call these means of production transferred between the state enterprises, if not commodities, and what shall we say is being made use of, if not the operation of the law of value, in assessing the prices of the means of production when they are turned over, or in accounting their costs when produced? It would be right to say that the means of production which are transferred between the state enterprises according to the plans of equipment and material supply and of co-operative production are not commodities, but assume the form of commodity, and, accordingly, that in this case the law of value does not operate in substance as in the case of commodity production, but in form.

Namely, such means of production are not commodities in the proper sense of the word, but merely assume the form of commodity, and, accordingly, what is made use of here is not the operation of the law of value in the proper sense of the word, but the law of value in form; and in the case of the production and exchange of the means of production, the form of value is made use of simply as an instrument of economic accounting, and not the value itself.

Then, how is it going to be explained that the means of production which are transferred between the state enterprises, are not commodities but merely assume the form of commodity? It is so because the state enterprises are relatively independent in using and managing the means of production and in running the economy, as if they were under different ownership, though they are all under one and the same ownership of the state. Though all the business-accounting enterprises in the state sector are owned by the state, they separately use the means of production received from other enterprises according to the unitary plan of the state, and must net a certain profit for the state after they recover the costs spent on their products.

Although such business-accounting state enterprises are under the same ownership, independence in management of each of them gives the impression that the means of production transferred between them were commodities like those handed over to different ownership. Thus, when an enterprise delivers means of production to another, it does not give then free or dirt-cheap at random, but hands them over at prices fixed by the state uniformly according to the expenditure of socially necessary labour on the principle of equivalent compensation, though they are business-accounting enterprises in the state sector all alike. Though equally state-owned, the enterprises have to be particular about things of their own and of others, and transactions in the means of production have to be conducted on a strict accounting basis.

Why, then, should the enterprises within the state sector be granted independence in management, and why should the means of production be delivered and received by them with strict accounting on the principle of equivalence when it is no commodity? That has something to do with the specific feature of socialist society which is a transitional one. In socialist society the productive forces have not yet developed to such an extent as each works according to his ability and each receives according to his needs. And not all people possess so high a degree of collectivist spirit as to hold dear and take responsible care of state properties like their own. In not a few cases, even those who are educated enough do not care so much about the business of other state bodies or enterprises as about their own business, nor do they devote themselves to it, to say nothing of those who still harbour such old ideological debris as boring into the interests of the state or other organs and enterprises, placing the narrow interests of their own organs and localities before everything, being stodgily departmentalized and parochialized. Further, under socialism labour has become, of course, an honorable and worthwhile thing, but not yet life's prime requirement as in communist society. Precisely all these things require that under socialism equivalent values be strictly accounted in transactions between the enterprises, though they are all alike state-owned. If our society had a great affluence of goods and if the managing staffs and working people of all enterprises were free from selfishness, were concerned about all the state properties as about their own, and conducted all the state affairs as devotedly as their own, then there would be no need of casting accounts on an equivalent basis.

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A proper use of the commodity form and the commercial form in the production and circulation of the means of production is of definite significance in methodically increasing the profits of enterprises and the accumulations of the state by eliminating the wastage of social labour and strengthening the save-and-spare regime. It is therefore necessary to make a proper use of them in all branches of the national economy and all enterprises.

Above all, efforts should be made to use properly the form of value in the field of manufacturing the means of production to strengthen the strict accounting system and the control by *won* over the use of raw and other materials as well as labour power and systematically lower the standard of material consumption per unit.

In the domain of circulation, too, the commercial form should be fully utilized, while good plans of equipment and material supply are mapped out, so as to do away with the wastage of machines, equipment, raw and other materials and use them in a rational way. When we set up the material supply agencies and saw to it that raw and other materials were bought and sold through the medium of the agencies, we aimed at ensuring their smooth supply.

Our economic functionaries, however, fail to do this properly. The textbook of political economy, too, simply says that the means of production is excluded from the sphere of commodity circulation and is supplied to enterprises according to plan, but it makes no mention whatever of how and in what form its supply is realized. The question of supply of means of production is all but left out from the textbook of political economy and, particularly, the question of purchase and sale of raw and other materials between the state enterprises is not even touched upon.

Such being the case, there have appeared many shortcomings in the supply of materials. When securing raw and other materials, the enterprises take them without caring much about their prices, high or low. Moreover, it is not infrequent that valuable materials lie idle in heaps at some enterprises, while at other enterprises production is interrupted for want of the same materials.

True, this is partly owing to the defective plans of material supply mapped out by the State Planning Commission, but the issue rather lies in the ignorance of the fact that the supply of raw and other materials is also realized in the form of trade. That is to say, the supply of raw and other materials is realized in the form of commodity circulation, inasmuch as the form of selling and buying is adopted between the state enterprises, too. But this has been ignored. As a result, in case the planning organs map out erroneous plans for the supply of materials, nobody is to answer for the materials being kept idle or wasted, and the defect is detected nowhere.

To straighter out this question, it is necessary, first of all, to enhance the role of the material supply agencies. When the material supply agencies do their work well, they will not be besieged by crowds of people coming to procure materials and will be able to properly supply them, even if small in quantity, to the enterprises in need of them for effective use, and the enterprises, on their part, will stop receiving materials at random with no consideration whatever of whether they are necessary or not, only to keep them idle or waste them.

We must know that when means of production such as machines, equipment, raw and other materials produced in factories and enterprises, while remaining under state ownership, are transferred between the enterprises, it assumes the form of commodity circulation. Then, here their prices will become an issue and so, if there sometimes happen to be defects in the plans, it will be possible to straighten them out in the course of actual supply.

Of course, in our society everything is produced, supplied, and consumed according to plan. Moreover, under the ownership of the entire people production, supply and consumption are completely planned. It is by no means an easy thing, however, to have everything correctly planned. We have been carrying on a planned economy for over 20 years and we have kept on emphasizing that the plans must be objective. But planning is still not quite in order.

The same is true of the plans of supply of raw and other materials. Some kinds of materials are left out of the plan and some unnecessary things are included in the plan for supply. Then, where should the defects be detected? They should be detected at the supply agencies. That is, they must be complemented and corrected in the course of selling and buying raw and other materials through the agencies.

Besides, even if a material supply plan has been all correctly drawn up, it cannot be executed when the supply work is not actually carried on properly. If the form of trade, that is, the form of selling and buying, is ignored in the supply of raw and other materials and if they are supplied simply according to plan, materials may be used at random and squandered at the enterprises. Such practices can take place quite often so long as our functionaries and working people are not all communist.

It is therefore necessary to raise the role of the supply agencies and make the most of the form of commodity circulation in the supply of raw and other materials. Thus, things must be so arranged that if an enterprise should purchase some kinds of materials too much, it would not be able to buy other kinds, and if materials should be wasted, the business activities of the enterprise would be greatly affected. Only when such conditions are arranged in the supply of raw and other materials, will the functionaries of the enterprises come to closely check up the prices of materials and transport costs, value and take better care of materials, and make efforts to lower the standard of consumption per unit in the use of materials.

Now I should like to present my views on the question of making proper use of the law of value in the production and circulation of commodities.

Most important of all in the use of the law of value is to fix the prices of commodities properly. Prices should be assessed on the basis of correctly reckoning with the requirements of the basic economic law of socialism and the law of value.

First of all, the assessment of prices should be based correctly on the socially necessary labour contained in goods. If the fixing of prices is not based on the outlays of socially necessary labour, equilibrium of the prices cannot be maintained, nor can the socialist distribution be properly done, and the development of social production can be unfavorably affected.

Let us take an example. Once I walked into a shop in Changsung county of North Pyungan Province, and I found there a metre of twisted-yarn fabric woven with 200 grammes of yarn priced three *won* and a thread-ball weighing 50 grammes 5.4 *won*. It meant that a thread-ball was priced twice as dear as a piece of cloth made of twisted yarn equivalent to four thread-balls, which was woven into fabrics and dyed. Indeed, it seems to me that much labour and fairly large production costs were needed to reel thread at a local industry factory, because it was poorly mechanized. But since thread is not reeled by the hand spinning-wheel, its cost cannot be larger than the cost of fabrics. And even if the production costs were so high, the price cannot be fixed without taking into account the expenditure of socially necessary labour, and it goes against reason to fix the price so preposterously.

Further, low prices should be assigned to the mass consumption goods when the prices are fixed. It is a matter of course, as I have mentioned above, that the values of commodities should be taken into account in assessing their prices. But this by no means signifies that the price of a commodity cannot be deviated from its value. The Party and the state of the working class should assign low prices to the mass consumption goods by actively deviating the prices of commodities from their values. That is to say, rice, cloths, footwear, mosquito nets, thread, matches, school things and other goods indispensable for the people's material and cultural life should be cheap. This precisely means a proper use of the law of value, and this accords with the essential requirement of the socialist system to feed and dress all the working people evenly and to make them equally well-off.

Otherwise, if we price the mass consumption goods dear, we cannot fully reveal the excellence of the socialist system and can possibly cause inconveniences to the people's life. If, for example, the prices of fabrics such as vinalon mixtures much demanded by our people were set high, it would not be possible to make all the people dress decently. And if the prices of such school supplies as textbooks, pencils, notebooks and satchels were set high, children would not be duly educated despite the carrying out of compulsory education.

Nevertheless, there is a tendency among our functionaries to increase the state budgetary revenue by unwarrantably raising the prices of fabrics and other mass consumption goods. As a result, though we turn out such large quantities of fabrics as 20 metres per head of the population, the working people cannot afford to buy enough to dress their children well as the prices are high. No doubt, the major reason why not much fabrics go round to the people is that our country still fails to turn out various fabrics at low costs. But it should be clearly borne in mind that the improper stance of the functionaries towards securing the state budgetary revenue by means of raising the prices of cloths is also largely accountable for the small cloth supply to the people. Owing to the erroneous act of the functionaries, the prices of fabrics have kept rising unreasonably over the past few years.

Unless our functionaries rectify such wrong ideas and attitude of work, livelihood of the people cannot be improved rapidly. In fact, it often happens that cloths do not sell because of their high prices and lie long on the counter and, at last, they have to be sold off at reduced prices. This, in the end, will not only be harmful to the people's livelihood but render it impossible to secure the state budgetary revenue.

Our Party and Government, therefore, fix definit rates of turnover levies and assign low prices to the mass consumption goods at least and, particularly, see to it that the goods for the children are priced so low that their production costs can be barely recovered, even if the state budgetary revenue could not be lifted. This principle should be further observed.

On the contrary, however, tobaccoes and drinks, luxury goods, high-quality suit materials and other things which are in limited supply as yet, should be priced higher than the mass consumption goods in order to adjust the demands for them. The charges for welfare facilities including the dwelling houses should also be fixed on the same principle as the prices of commodities. The rents on ordinarily-furnished one- or two-room flats, for example, should be cheap, but those on well-appointed dwellings with three or more rooms should be high because we do not have them in numbers. Of course, when our productive forces are developed high enough to fully ensure all the goods and facilities needed by the people, it will become unnecessary to go to the trouble of taking such measures.

To fix the prices of commodities correctly, we must make them uniform. The unfair prices found so far in some cases have something to do with the failure on the part of the leading functionaries of the State Planning Commission, the Ministry of Finance and some other economic organs to exercise control over the assessment of prices on the goods produced by the local industry enterprises, leaving it at the disposal of the chairmen of the Provincial People's Committees on the plea that these goods were supposed to be of local significance. Therefore, just as the Regional Planning Commissions have been set up to unify planning, Regional Price Commissions should be established to unify the assessment of prices on the goods including those turned out by the local industry enterprises, and the economic organs such as the State Planning Commission, the Ministry of Finance and the Price Assessment Commission should strengthen their control over the assessment of prices.

3. Problems of Peasant Market In Socialist Society and of Way of Abolishing It

The peasant market represents a form of trade whereby the peasants sell directly to the population at definite places part of the farm produce as well as animal products of the joint economy of co-operative farms and of the sideline of individual co-operative farmers. Though a form of trade in socialist society, the peasant market retains a lot of remains of capitalism. What, then, are the capitalist remains of the peasant market? They are to be found in the fact that in the peasant market prices are determined spontaneously according to demand and supply and, therefore, the law of value operates somewhat blindly. The state does not plan demand and supply or prices for the peasant market. Of course, the spontaneous character of the peasant market undergoes certain restrictions according as the state trade develops and the co-ordinating function of the state over the peasant market grows stronger, at the stage of socialism, the peasant market cannot be completely done away with.

The word *jang* (market—Tr.) engendered neither under the socialist system nor under the capitalist, it is a term left over from feudal society. *Jang* came into being as handicrafts developed in the feudal age. From of old the Koreans call a merchant *jang-sa-gun* which means "a person who does business at *jang*." Thus, *jang* is a backward form of trade that engendered in feudal society. It is therefore preferable in principle that there be no peasant market, a backward form of trade, under the advanced, socialist system.

But, since there are the co-operative economy and individual sideline production under socialism, it is inevitable that the peasant market exists, and it is not half bad that it does. Some comrades seem to consider that the state should even purchase all the sideline products and supply them in a planned way, but they are wrong, and it is not practicable either. As for the individual sideline products, the producers should be allowed to consume them and take the surplus to the market to sell or barter for other goods according to their wish. As for the animal products and industrial crops turned out by the joint economy of co-operative farms, the greater part should be purchased by the state, but part of them should be divided among the peasants. They may consume them, or sell them to the purchasing agents or take them to the peasant market for sale. The peasants should not be forced to sell them exclusively to the purchasing agents, but should be allowed to sell them to anybody they like. That is the way to afford more facilities to the people's life.

The textbook of political economy does not give a good account of the peasant market. It only says that the peasant market produces unfavourable effect on the development of the joint economy and fosters the petty-bourgeois ideas and selfishness of the peasants. But no clear account is provided in it as to why the peasant market is necessary in socialist society, what role it plays and when it can disappear.

It is rather good than bad that the sideline production and the peasant market still exist in socialist society. We are not yet in a position to sufficiently supply, through the channels of the state, all that are necessary for the people's life, above all, sundry goods for daily use such as brooms and ladles, and subsidiary provisions like meat, eggs, gingili and wild sesame. And under the circumstances, what is wrong if individuals produce these things on the side and sell them in the market? A backward way as it is, it should still be made use of when the advanced ways are not enough to cover everything.

Some functionaries fear that the sideline production or the peasant market might revive capitalism right away. But they don't have to. If too large kitchen-gardens were given co-operative farmers, they might be engrossed in their individual farming, neglecting collective labour, and this might foster capitalist elements. But the kitchen-gardens of our peasants are no bigger than a few dozen *pyung* each, and their individual sideline stockbreeding amounts to no more than raising a couple of pigs or a dozen or so of chickens per household. And even if a peasant grows a few stalks of tobacco on his garden plot, it will not turn into capitalist management, and even if he takes a few chickens to the peasant market and sells them at a bit high price, he will not become a capitalist.

But what would happen if the peasant market were abolished by law on the supposed ground that the sideline production as well as the peasant market had a harmful effect on the joint economy and fostered selfishness? The market place would disappear, of course, but the black-market would remain. Peasants would knock at the kitchen-doors of the others or hang about the back streets to sell chickens or eggs they raised on the side. Then they might be caught in this act to be fined or punished otherwise by law. So, forcible abolition of the peasant market would help you to no solution, but might rather cause inconveniences to the people's life and incriminate many people senselessly.

Therefore, as long as the state cannot sufficiently produce and supply all the goods necessary for the people's life, we must strictly guard against the "Left" tendency to abolish the peasant market so hastily.

Then, when will the individual sideline production and the peasant market disappear?

Firstly, they will disappear only when the

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country is industrialized, technology highly developed, and there are plenty of all consumer goods required by the people. Nobody will trouble himself to go to the peasant market, when he can buy anything he wants from state-owned shops, and it will not be dealt in the peasant market either. Suppose cheap and good-quality chemical fibres gush forth in plenty from the factories. Then, people will not take the trouble to go to the market place to buy the expensive cotton, and even if some peasants want to sell it dear, it will not sell. Even under the present circumstances, goods which meet the demands of the people are not dealt in the peasant market, and they are sold at uniform prices in all parts of our country, in big cities such as Hamheung as well as in remote mountain villages like Potai-*ri* at the foot of Mt. Baikdoo all alike. When goods are plentiful and sold at uniform prices in this way, it is nothing short of a supply system.

It must be borne in mind, however, that goods which do not meet the demands of the people are dealt underhand or resold at the peasant market, even when uniform prices are fixed on them by the state. It happens that some people buy goods from the shops and hoard them and sell them at higher prices when they are badly needed by others. Let me take the sale of eggs for example. At present we produce eggs at the chicken farms built in Pyongyang and many other places. But we do not yet produce them to such an extent as to be able to supply enough of them to the people. So, there, too, exists a discrepancy between the state and the peasant-market prices of eggs. Taking advantage of this, there has appeared the practice of reselling eggs.

Yet, we cannot, of course, send those who have resold some eggs to prison as criminals. As for other methods of control, there is no other way than taking some technical measures such as regulating the volume of sale per buyer. Of course, such measures should also be taken, but all we can do with them is no more than composing somewhat the concentration of goods in the hands of a few people. Such measures can by no means completely do away with the reselling in the peasant market or the black-marketing.

To solve this problem large quantities of goods should be produced. If more egg farms are built and enough eggs are turned out to fully meet the needs of the people, the black-marketing of eggs will disappear, and buying and selling in the peasant market, too, will naturally come to an end. If the state meets the demands of the people in this way and eliminates from the peasant market goods dealt there one by one, then the peasant market will no longer be needed in the end.

Secondly, the individual sideline production and peasant market will cease to exist only when co-operative ownership is turned into ownership of the entire people.

As was pointed out in the theses on the socialist agrarian question, too, there will be no more buying and selling in the peasant market when we have converted co-operative property into property of the entire people by organically welding the two forms of ownership while steadily enhancing the leading role of property of the entire people over co-operative property.

One of the major reasons why there exists the peasant market at present is that there are the co-operative economy and the individual sideline economy side by side with the state economy.

Therefore, when the two sorts of ownership are welded into the single ownership of the entire people the individual sideline economy will vanish, due to the developed productive forces, and, consequently, the peasant market will disappear and the circulation of commodities as a whole will become unnecessary. Then, products will be distributed under a supply system. At present, we distribute rice and some other indispensable goods to the workers and office employees under a supply system. Needless to say, this supply system was introduced not because the goods were abundant, nor was it introduced under the circumstances of the single ownership of the entire people. It has been enforced with a view to exercising control so as to make people eat and live equally under the circumstances where goods are not plenty. The system of supply of produce we intend to introduce when the productive forces will be very highly developed and the two forms of property will be welded into a single property of the entire people, will be different from the one we have now for control; it means a supply system aimed at providing the people more effectively with consumer goods turned out in large quantities, according to their diverse needs.

To conclude, the peasant market as well as the underhand dealings will disappear and trade will go over finally to the supply system only when the productive forces have developed to such an extent that the state can sufficiently turn out and supply all kinds of goods required by the people and co-operative ownership has grown into ownership of the entire people.

Preeminent Marxist-Leninist Document Which Constitutes Programmatic Compass For Socialist Economic Construction

—RODONG SHINMOON'S EDITORIAL—

PYONGYANG, Mar. 17 (KCNA)–Rodong Shinmoon yesterday carried a full-page editorial headlined "Preeminent Marxist-Leninist Document Which Constitutes Programmatic Compass for Socialist Economic Construction," in connection with "On Some Theoretical Problems of the Socialist Economy," a preeminent scientific work made public by Comrade Kim Il Sung, the great Marxist-Leninist of our times and the brilliant Leader of the revolution, answering questions raised by scientific and educational workers.

The editorial reads in part as follows:

Comrade Kim Il Sung, the respected and beloved Leader, who has set forth original and wise lines and plans and scientific theories in each period and at each stage of the development of our revolution, brightly lighting its path and leading the revolution to a steady upsurge and victory, opened a clear path of correct solution of the problems of the socialist economy and spread a new, broad vista of the building of socialism and communism by putting forth "On Some Theoretical Problems of the Socialist Economy," a great document giving perfect answers to important theoretical questions awaiting elucidation in the building of socialism and communism in the present times.

Our people who have advanced confidently along the highway of victory indicated by the Leader, always entrusting their destiny and future entirely to him, once again feel deep in their hearts, upon receiving this historic document, the great glory, happiness and pride of being guided by the outstanding and great Leader, and are filled with the firm revolutionary determination to struggle on more staunchly for a new victory in our revolutionary cause, upholding his wise leadership.

The publication of "On Some Theoretical Problems of the Socialist Economy," the work of genius of Comrade Kim Il Sung, marks a great historical event in the development of our revolution and our building of socialism and communism and in the development of the Marxist-Leninist economic theory.

With the publication of this great scientific document, perfectly logical and flawless answers have been given to the fundamental questions of socialist political economy and to theoretical and practical questions of principle not only for the present but also for the future of socialist economic construction, and an allround exposition has been given of the characteristics of the economy in the period of transition from capitalism to socialism and the law of the development of the socialist economy.

In his work "On Some Theoretical Problems of the Socialist Economy," Comrade Kim Il Sung gave a new Marxist-Leninist elucidation and systematic formulation of important theoretical and practical questions arising in socialist economic construction and pending questions of socialist political economy—the correlation between the scale of the economy and the rate of development of production in socialist society, the means of production in the form of commodity and the use of the law of value in socialist society and the peasant market in socialist society and of the way of abolishing it. Thus, he broke a new ground in the development of the Marxist-Leninist economic theory and made an immortal contribution to more comprehensively systematizing and perfecting socialist political economy as science.

Especially, the new exposition of the law of the development of the socialist economy in which production keeps rising at high rate in socialist society and the comprehensive elucidation of the essential characteristics of the commodity-money relations in socialist society and the law of their disappearance, the commodity form of the means of production and the use of their commercial form in their circulation and the operation of the law of value and the use of it in form, and the elucidation of the questions of the use of the peasant market under socialism and ways for its abolition and the transition from socialist commerce to a supply system—the new scientific discoveries and preeminent theoretical formulation by Comrade Kim Il Sung hold a conspicuous place in the development of the Marxist-Leninist theories.

"On Some Theoretical Problems of the Socialist Economy," the work of Comrade Kim Il Sung giving the first perfect and flawless scientific and theoretical elucidation of such fundamental questions of the socialist economy based on profound and clear logic and undeniable facts and indicating the only correct way for their solution, is a great classic document on questions of socialist economy, a programmatic document and an outstanding Marxist-Leninist document of our times which a state of proletarian dictatorship should take as the compass in shaping economic policies.

And this work is a brilliant example of creative development of Marxism-Leninism in the sphere of the socialist economic theory and defence of its purity and a decisive blow to the reactionary bourgeois economic theories and opportunist economic theories.

"On Some Theoretical Problems of the Socialist Economy," in which the great revolutionary ideas of Comrade Kim Il Sung and his outstanding economic ideas are embodied, is a guiding compass leading our people along a straight path to victory in the building of socialism and communism and a powerful ideological and theoretical weapon guaranteeing its assured victory, thoroughly overcoming all the Right and "Left" deviations.

The tremendous theoretical and practical significance of "On Some Theoretical Problems of the Socialist Economy," a classic work of Comrade Kim Il Sung, the respected and beloved Leader, lies, above all, in the fact that it raised for the first time and gave perfect and flawless answers to the questions of the law of economic development in which production keeps rising at high rate in socialist society and the correlation between the scale of economy and the rate of the growth of production.

In "On Some Theoretical Problems of the Socialist Economy," Comrade Kim Il Sung taught us:

"Socialist society has unlimited potentialities to incessantly develop the economy at such a high rate as is inconceivable in capitalist society, and the further socialist construction advances and the stronger the economic basis grows, the greater become these potentialities."

To clarify the correlation between the scale of economy and the rate of growth of production in socialist society, and the lawful demand of the development of the socialist economy, stood out as a question of great urgency awaiting solution in the theory and practice of socialist economic construction and one of the fundamental questions on which the success of building socialism and communism depended. But, no one had ever given the correct answer to this question, and it had remained very confused owing to opportunist distortions of all descriptions.

Only by Comrade Kim Il Sung, the great Marxist-Leninist and brilliant Leader of the revolution, a perfect answer could be given for the first time to this weighty question acutely raised by our times and revolutionary development and awaiting urgent solution in the building of socialism and communism and a scientific exposition be given of the law of the development of the socialist economy growing at steady high tempo.

As Comrade Kim Il Sung taught us, whether one ensures a high rate of the development of economy and growth of production commensurate with socialist society, depends, in the first place, on how he sees the essential superiority of the socialist system and how he brings it into full play.

The socialist system, by nature, demands a high rate of the development of economy and, furthermore, provides objective possibilities and conditions for achieving it.

The socialist economy is a highly organized economy and a planned economy. This is the great advantages of the socialist economy and important conditions guaranteeing the high rate of its development.

This possibility of the growth of production ever increases according as the equilibrium among the branches of the national economy is rationally preserved and the country's economy is kept in better shape with the strengthening of the economy-organizing functions of the state of the proletarian dictatorship and the rise of the level of economic management of the functionaries.

The key to the high rate of the growth of production and development of economy lies, above all, in how the working masses, who are directly in charge of production, are interested in the development of production and how they are mobilized.

Comrade Kim Il Sung taught us:

"In socialist society, high revolutionary zeal of the people is the decisive factor which energetically eggs the productive forces on to pullulate. The essential excellence of the socialist system lies in the fact that the working people, freed from exploitation and oppression, work with conscious enthusiasm and creative initiative for the country and the people, for society and the collective, as well as their own welfare."

The proposition of Comrade Kim Il Sung that economy develops uninterruptedly at a high rate in socialist society is a scientific conclusion based on a profound analysis of the decisive role of man and his ideology and consciousness in the development of production and the significance of technical development, the boundless possibilities provided by the socialist system in this sphere and its decisive superiority. And it is a living truth irrefutably proved by the historical experiences of our country in socialist construction and our realities today in which a leaping advance is being made.

Where is the key to the uninterrupted leaping advance of economy which we are registering under the condition in which we have to reinforce the defence capacity and push ahead with the huge tasks of technical reconstruction with our own strength, standing face to face with the U.S. imperialists, the chieftain of world reaction?

On this point, Comrade Kim Il Sung taught us:

"This is to be ascribed to the fact that our Party intensified

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the ideological revolution among the working people, thereby arousing their conscious enthusiasm and waging a resolute struggle against passivism, conservatism and all other sorts of old ideas that hampered our forward movement."

World-startling great Chullima Movement and all the miraculous innovations and successes achieved in its advance cannot be mentioned apart from the outstanding and seasoned leadership of Comrade Kim Il Sung, the respected and beloved Leader, and the method of political work of our Party set forth by him.

In each important period of the revolution and construction, the Leader went down in person to the working class and awakened and mobilized it, thereby breaking through all the difficulties and leading the revolution to a new upsurge.

As Comrade Kim Il Sung pointed out, the "theory" that large-scale economy could not develop rapidly is but a sophistry brought forward by some people to justify the fact that their technical progress is slow and their economy stagnant because they, talking about "liberalization," "democratic development" and the like, did not educate their working people and, as a result, the latter are ideologically so slackened as to fiddle about and loaf on the job. Whether a high rate of the development of economy is maintained or not in socialist society is, in the final analysis, is the touchstone indicating whether one adheres to the Marxist-Leninist principles in the domain of economy or falls into opportunism, whether one carries on the cause of communism to the end or gives it up.

Expounding the stand of principle which must be maintained in the building of socialism and communism, Comrade Kim Il Sung taught us: **"If we neglect any one of the two, the dictatorship of the proletariat and the technical revolution..., we can neither steadily develop the socialist economy at a high tempo nor build a communist society. We should therefore strengthen the dictatorship of the proletariat and drive the technical revolution dynamically in order to build a communist society."**

We should revolutionize and working-classize the entire working people and make the whole society replete with the unitary ideology of the Party by giving powerful spurs to the ideological and cultural revolutions on the basis of strengthening the dictatorship of the proletariat. We should conduct more energetically and profoundly among the Party members and working people the education in the Party policies and the education in the revolutionary traditions, the communist education with class education as its main content and the education in socialist patriotism, thereby arming them more firmly with the revolutionary ideas of Comrade Kim Il Sung, the unitary ideology of our Party, and rearing them into ardent communist revolutionaries fighting with all devotion for the cause of socialism and communism.

The enormous theoretical and practical significance of the work of Comrade Kim Il Sung "On Some Theoretical Problems of the Socialist Economy" lies also in its giving the first allround Marxist-Leninist answer to the question of utilizing the commodity-money relations, particularly the problems of the means of production in the form of commodity and the use of the law of value in socialist society.

As Comrade Kim Il Sung taught us, **"...The question of utilizing the commodity-money relations is an important one which the state of the working class must properly settle in the period of transition from capitalism to socialism."**

The question of utilizing the commodity-money relations in the period of transition from capitalism to socialism is one of the important questions deciding the successes of socialist economic construction and one of the urgent questions awaiting solution in the building of socialism and communism. This question had been argued for a long time, being a question concerning day-to-day practice which must be dealt with every moment in economic activities and economic life. But it is a difficult and complicate problem to which no one had ever given a comprehensive and scientific answer.

And, in socialist economic construction, this is a sphere where Right and "Left" opportunism manifest themselves concentrically, doing a big harm.

Therefore, the scientific exposition of the essence and characteristic of the commodity-money relations in socialist society and correct solution of the question of its utilization, is very important not only for the development of socialist political economy but also for the successful promotion of socialist economic construction and defence of the purity of Marxism-Leninism.

Comrade Kim Il Sung, with his scientific penetration of genius and on the basis of the rich practical experiences of our country, clearly expounded the conditions that give rise to commodity production in socialist society and clarified in what case the means of production is a commodity and in what case not, in socialist society and gave theoretical answers with perspicacity to all important problems related to commodity production and the law of value under socialism, such as the problem of the means of production in the form of commodity and the use of the law of value in form, the problem of the use of the law of value in commodity production and in the field of its circulation, the problems of the peasant market and the way of its abolition, the problems of the withering of commodity circulation and its going over to a supply system, thereby developing Marxist-Leninist theory in an allround way in this field and firmly upholding its purity and illumining with increasing brilliance the road toward the victory of socialist economic construction. Particularly, the theory of genius of Comrade Kim Il Sung who expounded with profundity the problems of the means of production in the form of commodity and the use of the law of value in form in socialist society is, indeed, of great significance both in the development of socialist political economy and socialist economic construction.

Comrade Kim Il Sung not only gave a clear answer to the question of in what case the means of production is a commodity in socialist society but also put forth the original idea that it assumes the form of commodity when it is not a commodity, that is, in case it is transferred between the state enterprises and elucidated with his genius its ground and reason and thus opened up a completely new phase in the development of Marxist-Leninist theory on the commodity-money relations under socialism and scientifically perfected it.

Comrade Kim Il Sung instructed us as follows:

"It would be right to say that the means of production which are transferred between the state enterprises according to the plans of equipment and material supply and of co-operative production are not commodities, but assume the form of commodity, and, accordingly that in this case the law of value does not operate in substance as in the case of commodity production, but in form.

Namely, such means of production are not commodities in the proper sense of the word, but merely assume the form of commodity, and, accordingly, what is made use of here is not the operation of the law of value in the proper sense of the word, but the law of value in form; and in the case of the production and exchange of the means of production, the form of value is made use of simply as an instrument of economic accounting, and not the value itself.

Then, how is it going to be explained that the means of production which are transferred between the state enterprises, are not commodities but merely assume the form of commodity? It is so because the state enterprises are relatively independent in using and managing the means of production and in running the economy, as if they were under different ownership, though they are all under one and the same ownership of the state."

It is the creative idea put forth by Comrade Kim Il Sung for the first time that the means of production transferred between the state enterprises merely assume the form of commodity, and, accordingly, the law of value also operates in form.

On the basis of this profound theory on the means of production in the form of commodity in socialist society Comrade Kim Il Sung expounded with originality that the problem of utilizing the commodity-money relations in the production of the means of production and in their circulation within the bounds of state ownership is the problem of the use of the form of value, the commodity form and the commercial form, and gave the following clear-cut answer to the question of the orientation and way of its use:

"Above all, efforts should be made to use properly the form of value in the field of manufacturing the means of production to strengthen the strict accounting system and the control by *won* over the use of raw and other materials as well as labour power and systematically lower the standard of material consumption per unit.

In the domain of circulation, too, the commercial form should be fully utilized, while good plans of equipment and material supply are mapped out, so as to do away with the wastage of machines, equipment, raw and other materials and use them in a rational way. When we set up the material supply agencies and saw to it that raw and other materials were bought and sold through the medium of the agencies, we aimed at ensuring their smooth supply."

These instructions of Comrade Kim Il Sung's made clear the significance of the proper use of the form of commodity and the form of value and the commercial form in the production of the means of production and their circulation in increasing the profits of enterprises and the accumulation of the state and scientifically expounded the problems on the use of the form of commodity, the form of value and the commercial form in the field of the production of the means of production and their circulation such as the problem of the use of the form of value as an instrument of economic accounting and strengthening of the save-and-spare regime, the problem of the use of the commercial form as an auxiliary means of ensuring the current implementation of the plans of raw and other material supply and supplementing the plans and rectifying their shortcomings and the problem of the role of the material supply agencies in the implementation of the plans of raw and other material supply.

Comrade Kim Il Sung also gave programmatic instructions with regard to the problem of making use of the law of value in commodity production and circulation.

Comrade Kim Il Sung instructed that the fixing of the prices of commodities should be correctly based on the socially necessary labour contained in goods by fully reckoning with the requirements of the basic economic law of socialism and the law of value and, the prices of the mass consumption goods should be assigned low and tobaccoes and drinks, luxury goods, high-quality suit materials and other things which are in limited supply as yet should be set higher than the consumption goods, while actively deviating the prices of commodities from their values, and assessment of prices should be unified throughout the country. These instructions are a reflection of the essential requirement of the socialist system to feed and dress all the working people evenly and make them equally well-off.

The principles in assessing prices put forth by Comrade Kim Il Sung, including this original idea on unifying the assessment of prices throughout the country are a guideline to be strictly adhered to in the price policy of the socialist states.

In his work "On Some Theoretical Problems of the Socialist Economy," Comrade Kim Il Sung gave an allround exposition to the problems which had remained unsolved hitherto—the problem of the peasant market in socialist society, the conception of the peasant market, the origin of *jang* (market) and the character of the peasant market which is a backward form of trade, the capitalist remnants in the peasant market, the conditions for the existence of the peasant market under socialism and its role and ways for abolishing the peasant market—and put forth from a completely new angle the problems of the withering of commodity circulation and of the going over of the socialist trade to a supply system and expounded their law-governed process with his genius.

Comrade Kim Il Sung set forth, especially, the original idea that the peasant market as well as the underhand dealings will disappear and trade will go over finally to the supply system only when the productive forces have developed to such an extent as to sufficiently turn out and supply all kinds of goods required by the people and co-operative ownership has become ownership of the entire people. This original idea gave for the first time a scientific answer to the questions as to how commodity production disappears and in what form distribution is carried out after its disappearance and clarified the law-governed process in which the factor of the supply system grows up gradually in the socialist trade which is supply work to the people in essence and it goes over finally to the supply system.

"On Some Theoretical Problems of the Socialist Economy," a work of genius of Comrade Kim Il Sung, is a brilliant Marxist-Leninist document of the present times which dealt a decisive blow to Right and "Left" opportunism and brought about an epochal development in the socialist economic theory by giving a perfect Marxist-Leninist answer to the important theoretical and practical problems awaiting an urgent solution in the socialist political economy and socialist economic construction, and our powerful theoretical and practical weapon for the victory of socialist and communist construction.

We should firmly arm ourselves with the great revolutionary ideas of the Leader, smash Right and "Left" opportunism of all hues and establish more thoroughly the system of the unitary ideology of our Party of knowing no other idea than the revolutionary ideas of Comrade Kim Il Sung, making a deep-going study of the work of Comrade Kim Il Sung "On Some Theoretical Problems of the Socialist Economy" in close combination with his important works such as the report at the Party Conference, the 10-point Political Programme of the Government of the Republic, the report at the Celebration of the 20th Anniversary of the Founding of the Republic and the "Theses on the Socialist Agrarian Question in Our Country."

Ever-victorious is the revolutionary cause of the heroic Korean people who are firmly armed with the great revolutionary ideas of Comrade Kim Il Sung, the respected and beloved Leader, great Marxist-Leninist of the present times, strategic genius of revolution and one of the outstanding leaders of the international communist movement and working-class movement, and are advancing, advancing, struggling and advancing in the spirit of Chullima, in the spirit of each matching a hundred foes, along the road of victory and glory indicated by him.

"Korean Committee of Anti-U.S. Struggle for Supporting Vietnam" Formed

PYONGYANG, Mar. 21 (KCNA)—Public organizations of our country held a joint meeting on Mar. 19 in connection with the further intensification of the aggressive war manoeuvres and criminal atrocities of the U.S. imperialists against Vietnam.

The attendants of the meeting formed the "Korean Committee of Anti-U.S. Struggle for Supporting Vietnam" for resolutely opposing the criminal aggressive war of the U.S. imperialists against Vietnam, energetically supporting the righteous struggle of the Vietnamese people against U.S. imperialism for national salvation and further strengthening solidarity with the fraternal Vietnamese people. Kang Ryang Wook, Chairman of the Korean National Peace Committee, was elected chairman of the committee.

Pyongyang City Mass Rally Supporting Vietnam People's Struggle Held

A Pyongyang city mass rally supporting and encouraging the Vietnamese people in the struggle against U.S. imperialism and for national salvation was held on Mar. 19 at the Pyongyang Grand Theatre, on the occasion of the 19th anniversary of the Vietnamese people's "Day of Nation-Wide Struggle against U.S. Imperialism."

The rally was sponsored jointly by the Pyongyang Municipal People's Committee, the Central Committee of the Democratic Front for the Unification of the Fatherland, the Korean Committee for Asian-African Solidarity, the Korea-Vietnam Friendship Society, the Central Committee of the Korean Committee for Supporting the South Vietnamese People's Struggle and the Korean Committee

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CHONGRYUN Issues Statement Fully Supporting DPRK Red Cross Society's Reply to Its Japanese Counterpart

The Central Standing Committee of CHONGRYUN (the General Association of Korean Residents in Japan) issued on Mar. 12 a statement fully supporting the reply telegram of Mar. 10 from the Central Committee of the DPRK Red Cross Society to the Japan Red Cross Society.

The statement reads in part:

The Red Cross Society of the Democratic People's Republic of Korea sent on Mar. 10 a telegram to the Japan Red Cross Society in reply to the latter's telegram dated Mar. 3.

In the reply telegram the Red Cross Society of the DPRK strongly demanded that the Japan Red Cross Society, for an early resumption of the repatriation work of Korean citizens in Japan, immediately retract its destructive stand expressed in its telegram dated Mar. 3 and solve without delay the question of simplifying the formalities of entry into Japan of a delegation of the Red Cross Society of the DPRK as it had already promised.

The Central Standing Committee of CHONGRYUN, in the name of the 600,000 Korean citizens here, fully supports this just stand of the Red Cross Society of the DPRK.

We cannot repress burning national indignation at the Japanese Government and the Japan Red Cross Society which have been drawing out the resumption of the repatriation work to achieve an unjust political purpose and are scheming to invite a third party to intervene in the question of formalities of entry into Japan of the delegation of the Red Cross Society of the DPRK and to complicate it more in an attempt to frustrate the repatriation work by hook or by crook.

As is well known, it is an inviolable national right pertaining to the lofty humanitarian question for Korean citizens here to return to their fatherland—the Democratic People's Republic of Korea.

In view of international law, international practices and humanitarian principles and of the historical background to the mass settlement of Koreans in Japan, the Japanese Government is under legal and moral obligation to conduct the repatriation work by all means for the Korean citizens here who desire to return home.

The Japanese authorities, however, joining hands with the South Korean Pak Jung Hi puppet clique, suspended for an unjust political purpose, the repatriation work which had been smoothly conducted for eight years, and wrecked the Moscow and Colombo talks between the Korean and Japanese Red Cross Societies held to solve the repatriation question.

Particularly since it sent a letter on Sep. 28, last year, to the Red Cross Society of the DPRK, the Japanese side has been more viciously plotting to wreck the repatriation work, often promising the "missions" of the Pak Jung Hi clique to Japan not to resume the repatriation work, while trying to cover up their intrigues to frustrate the repatriation work and to shift the responsibility on to the other side.

The Japanese side is intending to break its promise to simplify the formalities of entry into Japan of the delegation of the Red Cross Society of the DPRK and absurdly attempting to invite a third party to complicate the matter more in an attempt to lay new obstacles in the way of repatriation.

The Japanese authorities are plotting to spawn up an "Immigration and Emigration Control Law" to ruthlessly suppress and deport Korean citizens in Japan at will and a "Foreigners' School Law" to suppress our national education, and are continuously barring our travel to and from the fatherland.

The arbitrary discontinuation of the repatriation work and the scheme to ruthlessly infringe upon the democratic, national rights of the Korean citizens in Japan on the part of the Japanese authorities are related to the Japanese militarists' criminal acts of stepping up reinvasion of South Korea and their positive participation in the U.S. imperialist policy of aggression and war.

We vehemently denounce the Japanese authorities for taking a more undisguised hostile policy toward the DPRK and the Korean people, more flagrantly trampling upon the democratic, national rights of Korean citizens in Japan, and trying to wreck the repatriation work by hook or by crook.

The life of Korean citizens here has been made more and more difficult due to the intensified suppression and persecution by the Japanese Government, and the resumption of the repatriation work is the urgent question of humanitarianism the solution of which brooks no further delay.

Stranded here are 17,000 compatriots who have already applied for repatriation and prospective repatriates who disposed of their household effects.

We strongly demand the Japanese Government and the Japan Red Cross Society take immediate measures to solve the question of simplifying the formalities of entry into Japan of the delegation of the Red Cross Society of the DPRK and resume the repatriation work at once as they promised.

We will wage a continued and resolute struggle for an immediate resumption of the repatriation work, closely rallied around Marshal Kim Il Sung, the great Leader of the 40 million Korean people, and with the support and encouragement from broad sections of the Japanese people.

Korean Skater Kim Ok Soon Places First

At Int'l Speed Skating Contests

Korean skater Kim Ok Soon won the honour of first place in the women's 3,000 metre event at the International Speed Skating Contests held on Mar. 15 in Sverdlovsk, the Soviet Union, leaving behind Soviet skater Kauniste, holder of the world women's speed skating championship for 1969, and other well-known skaters from different countries, according to a report from Sverdlovsk.

Skater Han Pil Hwa, Merited Sportswoman of the DPRK, placed third in this event.

Skater Kim Ok Soon also carried away first prize in the women's 3,000 meter event at the International Speed Skating Competition held in Kirov, the Soviet Union, on Mar. 8 and 9.

Protocol on Trade for 1969 Signed between DPRK and UAR

Talks were held in Pyongyang between the Government Trade Delegations of the Democratic People's Republic of Korea and the United Arab Republic from Mar. 7 to 14.

After the talks which proceeded in a friendly atmosphere a protocol on trade for 1969 was signed on Mar. 15 between the Governments of the DPRK and the UAR.

According to the protocol, the DPRK will supply the UAR with machine tools, rolled steel, nonferrous metals and chemicals and the UAR will provide the DPRK with cotton, crude oil, apatite and nylon yarn.

1969 Trade Agreement Inked Between DPRK and Pakistan

Talks were held recently in Pyongyang between the Government Trade Delegations of the DPRK and the Islamic Republic of Pakistan.

After the talks, an agreement on trade and payments and a protocol on mutual commodity delivery for 1969 between the Governments of the DPRK and the Islamic Republic of Pakistan were signed on Mar. 17.

Under the protocol, the DPRK will deliver cement, magnesia clinker, pig iron, machine tools and nonferrous metals to the Islamic Republic of Pakistan and the Islamic Republic of Pakistan will supply the DPRK with cotton, gunny bags, minerals, raw wool, tanned leather and other commodities.

286th MAC Meet Held

DPRK Side Calls U.S. Aggressors to Account For Grave Military Provocations

KAESONG, Mar. 17 (KCNA)—The 286th Meeting of the Military Armistice Commission was held today in Panmunjom at the proposal of our side.

According to the statement of Maj. Gen. Li Choon Sun, senior member of our side, at the meeting, between around 14 hours 25 minutes and around 14 hours 30 minutes on Mar. 15, 18 U.S. imperialist aggressors who were carrying various weapons including a light machinegun were operating in the section between Markers Nos. 0021 and 0023 of the Military Demarcation Line.

A band of eight U.S. imperialist aggressors withdrew at around 15 hours 30 minutes. Then at around 15 hours 40 minutes when the remaining 10 began to withdraw, over 10 U.S. imperialist aggressors who had already installed a light machinegun and were taking a firing posture at the post of the enemy side east of Marker No. 0025 of the Military Demarcation Line started firing at the post of our side.

Synchronizing with this, a light machinegun on a hill nearby the post of the enemy side began firing and the Yankee aggressor troops who were withdrawing also joined it.

The firing of the scoundrels continued till 16 hours. The bullets fired into the direction of the post of our side totalled over 1,000.

Confronted with the surprise armed attack of the Yankee murderous bandits, sentinels of our People's Army could not but take a self-defence measure and the provokers duly paid in blood for their act.

Between 17 hours five minutes and 17 hours 20 minutes, the U.S. imperialist aggressors committed the hostile act of firing over 1,000 bullets at the post of our side from their post east of Marker No. 0025 of the MDL.

Far from drawing a lesson from their repeated setbacks, the U.S. imperialist aggressors with the intention to further aggravate the situation brought five armoured cars to the point 500 metres east of Marker No. 0021 of the MDL at around 19 hours 30 minutes and 19 hours 50 minutes and massed four helicopters and more than 20 tanks and armoured cars and hundreds of U.S imperialist aggressor troops near the southern boundary of the Demilitarized Zone and attempted to bring them again into the DMZ.

Besides, the U.S. imperialist aggressors fired more than 740 bullets in the whole area of the DMZ on 19 occasions from Mar. 11 to 14.

The U.S. imperialist aggressors also committed the criminal act of illegally introducing 13 armoured cars and one 57 mm recoilless gun into the DMZ from Mar. 13 to 16.

Maj. Gen. Li Choon Sun, senior member of our side, pointed out that our side cannot but direct serious attention to the fact that the U.S. imperialist aggressors are ceaselessly engrossed in playing with fire against our side even in the DMZ by mobilizing U.S. imperialist aggressor troops at a time when they are staging a large-scale war provocation manoeuvres by flying a large number of aggressor troops and lethal weapons from the U.S. mainland directly to South Korea and mobilizing together the U.S. imperialist aggressor troops occupying South Korea and the South Korean puppet army that were ready for the manoeuvres there.

He strongly demanded the enemy side to admit frankly the recent vicious and naked provocative acts perpetrated by the U.S. imperialist aggressors, apologize to our side for them and give assurances that it would not commit such criminal acts again in the future.

(Continued from page 5)

for Struggle against the U.S. Imperialists' Crimes in Vietnam.

Song Jung Woo, Chairman of the Korea-Vietnam Friendship Association and vice-Minister of Higher Education, made the report at the meeting.

He exposed that the U.S. imperialists who had been driven out after being dealt a powerful blow by the Vietnamese people while committing undisguised armed intervention 19 years ago, have been waging a war of aggression against the Vietnamese people, wantonly undermining and trampling underfoot the 1954 Geneva Agreements on Vietnam.

He said in conclusion:

The Vietnam question must be solved by the Vietnamese people themselves without any interference of outside forces in accordance with the four-point stand of the Government of the Democratic Republic of Vietnam and the Political Programme of the South Vietnam National Front for Liberation, and the U.S. imperialists must stop once and for good all the aggressive acts encroaching upon the sovereignty and security of the DRV and unconditionally and completely pull out of South Vietnam taking along their aggressor troops and troops of their satellites and puppets.

Then the floor was taken by Le Thiet Hung, the DRV Ambassador to Korea. (KCNA)

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